

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7211**

**BILL NUMBER: HB 1333**

**DATE PREPARED:** Jan 8, 2002

**BILL AMENDED:**

**SUBJECT:** Nonprofit organization property tax exemptions.

**FISCAL ANALYST:** Bob Sigalow

**PHONE NUMBER:** 232-9859

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that property owned by a religious or charitable organization that: (1) is occupied by a lessee, life tenant, or trust beneficiary; and (2) generates income for the religious or charitable organization; is not exempt from the property tax.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The State levies a small tax rate for State Fair and State Forestry. An increase in the assessed value base would increase the property tax revenue for these two funds.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, buildings and land are exempt from property tax if the building is owned, occupied, and used by a person for educational, scientific, religious, or charitable purposes. Under this bill, the exemption would be disallowed for buildings and land that are owned by a religious organization, charitable organization, or a non-profit entity if the property is used to produce income and occupied by a lessee, life tenant, or a trust beneficiary.

The disallowance of some property tax exemptions would add an unknown amount of assessed valuation back onto the tax rolls. The additional AV would serve to reduce property tax rates and would increase revenue in rate-controlled funds for schools and civil taxing units. The actual amount of the AV increase is unknown at this time.

**State Agencies Affected:** Department of Local Government Finance (State Tax Board).

**Local Agencies Affected:** County auditors.

**Information Sources:**